

CITY OF ROGERS CITY
PRESQUE ISLE COUNTY
STATE OF MICHIGAN

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

<u>PAGE</u>	
	Independent Auditor's Report 1-2
	Management's Discussion and Analysis 3-10
	Basic Financial Statements
	Government-wide Financial Statements:
	Statement of Net Assets 11
	Statement of Activities 12
	Fund Financial Statements:
	Governmental Funds:
	Balance Sheet 13
	Reconciliation of Balance Sheet of Governmental Funds to Net Assets 14
	Statement of Revenue, Expenditures, and Changes in Fund Balances 15
	Reconciliation of Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 16
	Proprietary Funds:
	Statement of Net Assets 17
	Statement of Revenues, Expenses, and Changes in Net Assets 18
	Statement of Cash Flows 19
	Fiduciary Funds:
	Statement of Net Assets 20
	Statement of Changes in Net Assets 21
	Component Units:
	Statement of Net Assets 22
	Statement of Activities 23
	Notes to Financial Statements 24-42
	Required Supplemental Information
	Budgetary Comparison Schedule – General Fund 43
	Budgetary Comparison Schedule – Major Streets Fund 44
	Budgetary Comparison Schedule – Local Streets Fund 45
	Budgetary Comparison Schedule – Capital Projects Fund 46

TABLE OF CONTENTS

PAGE

Other Additional Information

General Fund:

Statement of Revenues, Expenditures and Changes in Fund Balance	47
Detail of Expenditures	48-51

Nonmajor Governmental Funds:

Combining Balance Sheet	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	53

Debt Schedules:

Industrial Park Land Purchase – Huron National Bank	54
1994 Marina Fund – General Obligation Bond	55
1995 Marina Fund – General Obligation Bond	56
2000 Marina Fund – General Obligation Bond	57
Community Development Loan Payable	58

Quast, Janke and Company, P.C.

Certified Public Accountants

1010 N. JOHNSON STREET
BAY CITY, MICHIGAN 48708
Phone: (989) 892-4549
Fax: (989) 892-4030

Timothy J. Quast, C.P.A.
Mark G. Janke, C.P.A.
Ned E. Kleinke, C.P.A.
David G. Gwizdala, C.P.A.

Members:
American Institute of C.P.A.'s
Michigan Association of C.P.A.'s

INDEPENDENT AUDITOR'S REPORT

September 26, 2008

To the City Council
The City of Rogers City
Presque Isle County
Rogers City, Michigan 49779

We have audited the financial statements of the governmental activities, business-type activities, and major funds as of and for the year ended June 30, 2008 which collectively comprise the City of Rogers City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, business-type activities, the discretely presented component units and each major fund as of June 30, 2008, and the changes in financial position and cash flows, where applicable, of those activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the City Council
The City of Rogers City
September 26, 2008
Page 2

Management's Discussion and Analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by the GASB. We have applied certain limited procedures, which consist principally of inquiries of management, regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the City's basic financial statements. The individual fund statements and schedules described in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

QUAST, JANKE AND COMPANY

A handwritten signature in cursive script that reads "Quast, Janke and Company". The signature is written in dark ink and is positioned above a horizontal line.

Certified Public Accountants, P.C.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

This section of the City of Rogers City's annual Financial Report presents Management's Discussion and Analysis of the City's financial activities during the fiscal year ended June 30, 2008. The analysis focuses on the City's financial performance as a whole. Please read it in conjunction with the City's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Rogers City exceeded liabilities at June 30, 2008, by \$10,862,617. Of this amount \$777,804 is unrestricted and not subject to the constraints of restricted net assets imposed by creditors, contributors, or laws and regulations.
- The City's net assets decreased by \$416,275 during the year. The assets of our governmental activities decreased by \$161,775 primarily due to transfer of net assets to the Rogers City Area Fire Department Authority (RCAFDA). The assets of our business-type activities decreased by \$254,500 due to operating losses at the Marina, Well #5 development costs, and normal depreciation of assets in each area.
- As explained in Note 10, for the current year the City has discretely presented the DDA and Housing Commission as component units. RCAFDA, a joint fire authority, is not presented as described in Note 1.
- The fund balance in the general fund decreased from \$439,776 to \$198,781. The decrease is due to transfers of matching funds to (VSCI) capital projects fund and increased fringe benefit costs.
- During the year the city had street preservation and repair expenditures in excess of \$170,000.

USING THIS REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- Government-wide Financial Statements consists of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the City as a whole and represent an overall view of the City's finances.
- Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. The Fund Financial Statements report the City's operations in more detail than the government-wide statements by providing information about the major funds.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information, other than MD&A, provides information about the required budgetary comparison information.
- Other Additional Information provides detailed information about the General Fund and Debt.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets, the Statement of Activities and the Government-Wide Statements report information about the City as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Assets includes all of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

One of the most important questions asked about the City's finances is: Is the City as a whole better or worse off as a result of the year's activities? The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by most private sector companies. The two statements report the City's net assets, which are the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Additional factors such as changes in the City's property tax base and the condition of the City's infrastructure are also important in making this assessment. The following paragraphs are intended to assist in making this overall assessment.

While overall net assets declined this year due to the factors listed above, some of these factors are temporary or actually positive long-term developments. For example, the transfer of assets to RCAFDA also brings to our community a new large secure funding source for future fire fighting vehicles to service city needs—without a corresponding City government financial obligation. Development of municipal Well Number Five has been a financial burden on the water fund and is only operating at about half of expected capacity. However, Well Number Five is now supplying much needed quality water to city residents.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

The most immediate area of financial concern is the decrease in net assets in the Marina fund. The revenue declines from reduced Marina traffic have reached a point where the City will be forced to significantly cut operational expenses in future years. Management has provided direction to staff to evaluate and propose for City Council action necessary to cuts in operational costs to offset expected losses.

Another significant concern is the long-term trend of increase in fringe benefit costs, including healthcare and retirement. Some of these increased costs are attributable to recent retirements, and, as time passes, these increases are expected to be moderate. However, the City must carefully control future increases in fringe benefit costs. The City will be negotiating cost-sharing provisions for some fringe benefits in labor agreements beginning in 2011. Due to the trend of increased fringe benefit costs and barring unforeseen revenue increases, the City may not have funds available for discretionary program spending and may need to trim other program expenditures.

In the general fund, the City experienced a significant reduction in its fund balance. A large transfer was made to the capital projects fund to meet matching requirements for a new grant.

Given these various factors, it is management's assessment that overall the City, from a financial point of view, is worse than last year. However, a policy of restricting new spending and making judicious reductions in operations costs will move the City's financial condition into a better position in the future.

REPORTING THE CITY'S MAJOR ACTIVITIES

In the Statement of Net Assets and the Statement of Activities, we have divided the City into two kinds of activities:

- Governmental Activities - Most of the City's basic services are reported here, such as public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business-Type Activities - This activity includes the wastewater treatment, water, marina, and refuse. These activities are financed primarily by user charges.

REPORTING THE CITY'S MAJOR FUNDS

The Fund Financial Statements provide detailed information about individual, significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City can establish other funds to control and manage money for particular purposes (such as construction or street projects) and to show that it is properly using certain revenues (such as tax increment financing revenues). The City has two kinds of funds:

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

Governmental Funds

The Governmental Funds account for most of the City's basic services. They focus on how money flows into and out of those funds and the balances at year-end that are available for spending. Governmental Funds include the General Fund; Special Revenue Funds such as Major Street and Local Street. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The Government Fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The financial statements required for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

Proprietary Funds

Proprietary Funds account for the City's enterprise funds. These funds report services for which the City charges customers for the service it provides. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The major difference between the Proprietary Fund and the Business-Type Activities included in the Government-Wide Statement is the detail and additional information, such as cash flows, provided in the Proprietary Fund statements. The Enterprise Fund includes the Wastewater Treatment Plant, Water, Marina, and Refuse Funds, and considered to be major funds of the City. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. The financial statements required for Proprietary Funds include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets and a Statement of Cash Flows.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

GOVERNMENT- WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as an indicator of financial position. The following analysis shows the City's total net assets at June 30, 2008 and 2007.

	Governmental Activities		Business-Type Activities		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
ASSETS						
Current and other assets	\$ 1,294,513	\$1,301,379	\$ 453,010	\$ 498,273	\$ 1,747,523	\$ 1,799,652
Capital assets net of accumulated depreciation	<u>3,535,089</u>	<u>3,668,346</u>	<u>6,676,931</u>	<u>6,789,599</u>	<u>10,212,020</u>	<u>10,457,945</u>
Total Assets	4,829,602	4,969,725	7,129,941	7,287,872	11,959,543	12,257,597
LIABILITIES						
Current liabilities	171,313	124,051	338,796	142,226	510,109	266,277
Long-term liabilities	<u>181,818</u>	<u>207,429</u>	<u>405,000</u>	<u>505,000</u>	<u>586,818</u>	<u>712,429</u>
Total Liabilities	353,131	331,480	743,796	647,226	1,096,927	978,706
NET ASSETS						
Invested in capital assets						
Net of related debt	3,335,089	3,423,346	6,171,931	6,184,599	9,507,020	9,607,945
Restricted	577,792	708,321	0	0	577,792	708,321
Unrestricted	<u>563,590</u>	<u>506,578</u>	<u>214,214</u>	<u>456,047</u>	<u>777,804</u>	<u>962,625</u>
Total Net Assets	<u>\$ 4,476,471</u>	<u>\$ 4,638,245</u>	<u>\$ 6,386,145</u>	<u>\$ 6,640,646</u>	<u>\$10,862,616</u>	<u>\$11,278,891</u>

The largest portion of the City's net assets is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with other sources of assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Total unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements is \$777,805.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

The following analysis provides the changes in the net assets for the City's Governmental and Business-Type Activities:

	Governmental Activities		Business-Type Activities		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
REVENUES						
Program revenues						
Charges for services	\$ 77,000	\$ 89,220	\$ 1,159,195	\$1,171,986	\$ 1,236,895	\$1,261,206
Operating grants & contributions	506,237	376,598	19,929	12,000	526,166	388,598
Capital grants	0	172,202	0	70,571	0	242,773
General Revenues						
Property taxes	1,151,288	1,103,922	0	0	1,151,288	1,103,922
State shared revenue	362,558	374,722	0	0	362,558	374,722
Investment earnings	65,889	86,431	10,854	16,643	76,743	103,074
Asset transferred	(54,832)	0	0	0	(54,832)	0
Miscellaneous	<u>0</u>	<u>9,170</u>	<u>23,241</u>	<u>26,020</u>	<u>23,241</u>	<u>35,190</u>
Total Revenues	2,108,840	2,212,265	1,213,219	1,297,220	3,322,059	3,509,485
PROGRAM EXPENSES						
Community development	75,960	52,160	0	0	75,960	52,160
General government	630,069	567,595	0	0	630,069	567,595
Public safety	601,098	640,859	0	0	601,098	640,859
Public works	354,362	366,366	0	0	354,362	366,366
Highways and streets	454,225	365,996	0	0	454,225	365,996
Recreation and cultural	176,900	209,532	0	0	176,900	209,532
Wastewater treatment	0	0	469,967	406,328	469,967	406,328
Water	0	0	482,553	312,769	482,553	312,769
Marina	0	0	419,731	465,301	419,731	465,301
Refuse	0	0	115,468	149,935	115,468	149,935
Transfers	<u>(22,000)</u>	<u>276,170</u>	<u>(20,000)</u>	<u>(296,170)</u>	<u>(42,000)</u>	<u>(20,000)</u>
Total Expenses	<u>2,270,614</u>	<u>2,478,678</u>	<u>1,467,719</u>	<u>1,038,163</u>	<u>3,738,333</u>	<u>3,516,841</u>
INCREASE (DECREASE)						
IN NET ASSETS	<u>\$ (161,774)</u>	<u>\$ (266,413)</u>	<u>\$ (254,500)</u>	<u>\$ 259,057</u>	<u>\$ (416,274)</u>	<u>\$ (7,356)</u>

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Rogers City completed its year, its Governmental Funds reported a total fund balance of \$1,061,431 is less than the \$1,211,600 balance at June 30, 2007.

- The General Fund, the operating fund for the City, ended fiscal year 2007 with a \$198,781 balance compared to the prior year ending fund balance of \$439,776.
- Major Street Fund Balance decreased by \$7,238.
- Local Street Fund Balance decreased by \$123,691

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

INDIVIDUAL MAJOR BUSINESS-TYPE FUND ANALYSIS

As the City of Rogers City completed its year, its Business-Type Funds reported total net assets of \$6,386,146, which is less than the \$6,640,646 total fund balance at June 30, 2007.

- Wastewater Treatment Fund net assets decreased by \$54,078.
- Water Fund net assets decreased by \$102,846.
- Marina Fund net assets decreased by \$92,279.
- Refuse Fund net assets decreased by \$5,297.

BUDGETARY CHANGES

During the year ended June 30, 2008, the City amended the budget three (3) times. The amendments were done to make adjustments to spending plans.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The City's investment in capital assets, including land, buildings and improvements, equipment, water systems, sewer systems, lighting systems, traffic signals and other infrastructure represents the value of the resources utilized to provide services to citizens. Capital assets for Governmental Activities totaled \$3,535,089 (net of accumulated depreciation) at June 30, 2008. Capital assets for Business-Type Activities totaled \$6,676,931 (net of accumulated depreciation) at June 30, 2008. See the Notes to the Financial Statements for more information about the City's capital assets.

The major capital outlays for Governmental Activities during the year included road repairs. For Business-type Activities, water lines and sewer lines were replaced. As of June 30, 2008, the City had a total debt outstanding of \$705,000. Of this amount, \$505,000 are general obligation bonds.

ECONOMIC FACTORS

Our elected officials consider many factors when setting the City's 2008 fiscal year budget. One of the most important factors affecting the budget is the State of Michigan's economy. Other factors affecting the budget are changes in property tax values, state revenue sharing decreases and available grants.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

The City's Council has tried to spend conservatively. Costs for health care, insurance and utilities continue to rise. The City maintains its facilities but struggles to provide services to its citizens at the same level as past years. Growth in the City has been slow but the City hopes for new business and industry. Expanding our tax base past single-family homes and increasing water and sewer users is a prime objective.

LONG-TERM DEBT

Long-term obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Additional Borrowing</u>	<u>Beginning Balances</u>	<u>Principal Payments (Deductions)</u>	<u>Ending Balance</u>	<u>Current Portion</u>
GOVERNMENTAL – TYPE ACTIVITIES						
Community Development						
Grant/Loan	0.00	0	<u>\$ 200,000</u>	<u>0</u>	<u>\$ 200,000</u>	<u>\$ 18,182</u>
BUSINESS – TYPE ACTIVITIES						
Marina Fund Bonds						
1994 General Obligation	5.375 - 5.75	0	\$ 120,000	\$ (40,000)	\$ 80,000	\$40,000
1995 General Obligation	5.2 - 5.7	0	120,000	(30,000)	90,000	30,000
2000 General Obligation	5.05 - 5.45	0	<u>365,000</u>	<u>(30,000)</u>	<u>335,000</u>	<u>30,000</u>
Total Business-Type Activity			<u>\$ 605,000</u>	<u>\$ (100,000)</u>	<u>\$ 505,000</u>	<u>\$ 100,000</u>
COMPONENT UNIT						
Downtown Development						
Community Development						
Loan Huron National Bank	7.51	0	<u>\$ 108,011</u>	<u>\$ 20,968</u>	<u>\$ 87,043</u>	<u>\$ 22,574</u>

Annual debt service requirements are detailed in the other additional information schedules.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to present our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and operating activities. If you have any questions or require additional information please contact Administration at the City of Rogers City, 193 East Michigan Avenue, Rogers City, MI 49779 or call 989-734-2191.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENT WIDE STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government			Component
	Governmental	Business -Type	Total	Units
	Activities	Units		
ASSETS:				
Cash	\$ 1,075,009.97	\$ 341,161.94	\$ 1,416,171.91	\$ 189,507.66
Receivables	148,906.46	118,310.96	267,217.42	0.00
Receivable from state	55,596.36	0.00	55,596.36	0.00
Internal balances	15,000.00	(15,000.00)	0.00	0.00
Due from component unit	0.00	0.00	0.00	0.00
Land held for sale	0.00	0.00	0.00	347,515.95
Inventory and prepaids	0.00	8,537.28	8,537.28	4,893.00
Capital assets:				
Land	595,220.49	0.00	595,220.49	0.00
Land and improvements	792,844.91	5,628,936.90	6,421,781.81	42,958.00
Buildings and improvements	523,685.14	869,581.12	1,393,266.26	1,319,011.00
Machinery and equipment	1,429,772.82	242,564.19	1,672,337.01	178,006.00
Infrastructure	3,415,269.04	0.00	3,415,269.04	0.00
Water and sewer systems	0.00	4,359,082.74	4,359,082.74	0.00
Construction in progress	0.00	0.00	0.00	50,773.00
Accumulated depreciation	(3,221,703.44)	(4,423,233.67)	(7,644,937.11)	(953,954.00)
Total Assets	4,829,601.75	7,129,941.46	11,959,543.21	1,178,710.61
LIABILITIES:				
Accounts payable	56,628.92	202,017.61	258,646.53	3,812.00
Accrued expenses	60,314.24	19,424.86	79,739.10	6,860.00
Deferred revenue	36,187.55	17,353.21	53,540.76	0.00
Due to other governmental units	0.00	0.00	0.00	8,012.00
Due to primary government	0.00	0.00	0.00	0.00
Notes and bonds payable				
Amount due within one year	18,181.82	100,000.00	118,181.82	11,075.15
Amount due more than one year	181,818.18	405,000.00	586,818.18	75,967.92
Total Liabilities	353,130.71	743,795.68	1,096,926.39	105,727.07
NET ASSETS:				
Investment in capital assets net of related debt	3,335,088.96	6,171,931.28	9,507,020.24	636,794.00
Restricted for streets	437,641.99	0.00	437,641.99	0.00
Restricted - nonexpendable	140,150.52	0.00	140,150.52	0.00
Unrestricted	563,589.57	214,214.50	777,804.07	436,189.54
Total Net Assets	\$ 4,476,471.04	\$ 6,386,145.78	\$ 10,862,616.82	\$ 1,072,983.54

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENT WIDE STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	PRIMARY GOVERNMENT			Component Unit
					Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES:								
General government	\$ 630,069.23	\$ 26,334.97	\$ 0.00	\$ 0.00	\$ (603,734.26)	\$ 0.00	\$ (603,734.26)	\$ 0.00
Public safety	601,097.65	49,182.39	6,350.63	0.00	(545,564.63)	0.00	(545,564.63)	0.00
Public works	354,362.48	2,183.08	12,095.21	94,000.00	(246,084.19)	0.00	(246,084.19)	0.00
Streets and highways	454,224.71	0.00	392,129.53	0.00	(62,095.18)	0.00	(62,095.18)	0.00
Community and economic development	75,959.52	0.00	0.00	0.00	(75,959.52)	0.00	(75,959.52)	0.00
Recreational and cultural	176,900.42	0.00	1,661.92	0.00	(175,238.50)	0.00	(175,238.50)	0.00
Total governmental activities	2,292,614.01	77,700.44	\$ 412,237.29	\$ 94,000.00	(1,708,676.28)	0.00	(1,708,676.28)	0.00
BUSINESS-TYPE ACTIVITIES								
Wastewater treatment	469,967.09	410,123.96	0.00	0.00	0.00	(59,843.13)	(59,843.13)	0.00
Water	482,552.63	331,972.30	0.00	19,929.00	0.00	(130,651.33)	(130,651.33)	0.00
Marina	419,731.22	307,137.72	0.00	0.00	0.00	(112,593.50)	(112,593.50)	0.00
Refuse	115,467.61	109,960.56	0.00	0.00	0.00	(5,507.05)	(5,507.05)	0.00
Total Business-Type Activities	1,487,718.55	1,159,194.54	0.00	19,929.00	0.00	(308,595.01)	(308,595.01)	0.00
Total Primary Government	\$ 3,780,332.56	\$ 1,236,894.98	\$ 412,237.29	\$ 113,929.00	(1,708,676.28)	(308,595.01)	(2,017,271.29)	0.00
COMPONENT UNITS:								
Downtown Development Authority	53,067.81	0.00	0.00	0.00				(53,067.81)
Housing Commission	217,338.00	115,195.00	50,275.00	50,773.00				(1,095.00)
Total Component Units	270,405.81	115,195.00	\$ 50,275.00	\$ 50,773.00				(54,162.81)
GENERAL PURPOSE REVENUES:								
Property taxes					1,151,287.93	0.00	1,151,287.93	110,416.50
State shared revenues					362,558.00	0.00	362,558.00	0.00
Rental income					0.00	23,240.58	23,240.58	6,240.00
Special items - transfer of fire equipment net					(99,620.45)	0.00	(99,620.45)	0.00
- transfer related debt					45,000.00		45,000.00	
- loss on asset disposal					(212.50)		(212.50)	
Unrestricted investment income					65,888.67	10,853.95	76,742.62	8,530.00
Other miscellaneous revenues					0.00	0.00	0.00	0.00
Transfers					22,000.00	20,000.00	42,000.00	(42,000.00)
Total General Purpose Revenues and Transfers					1,546,901.65	54,094.53	1,600,996.18	83,186.50
Change in Net Assets					(161,774.63)	(254,500.48)	(416,275.11)	29,023.69
Net Assets - Beginning of Year					4,638,245.67	6,640,646.06	11,278,891.73	1,043,959.85
Net Assets - End of Year					\$ 4,476,471.04	\$ 6,386,145.58	\$ 10,862,616.62	\$ 1,072,983.54

The accompanying notes are an integral part of the financial statements.
12

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2008

	GENERAL	MAJOR STREETS	LOCAL STREETS	VSCI CAPITAL PROJECT	NONMAJOR GOVERNMENTAL	TOTAL
ASSETS:						
Cash and certificates of deposit	\$ 205,177.49	\$ 352,367.93	\$ 41,464.13	\$ 235,620.82	\$ 155,365.21	\$ 989,995.58
Other receivables	32,848.47	907.61	35,632.57	0.00	44,566.27	113,954.92
Taxes receivable	6,431.87	0.00	0.00	0.00	71.83	6,503.70
Due from component unit	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid expenses	0.00	0.00	0.00	0.00	0.00	0.00
Due from other funds	54,031.21	30,000.00	0.00	0.00	0.00	84,031.21
Due from state	0.00	42,358.52	13,237.84	0.00	0.00	55,596.36
TOTAL ASSETS	\$ 298,489.04	\$ 425,634.06	\$ 90,334.54	\$ 235,620.82	\$ 200,003.31	\$ 1,250,081.77
LIABILITIES:						
Accounts payable	\$ 37,955.58	\$ 831.53	\$ 9,838.19	\$ 0.00	\$ 0.00	\$ 48,625.30
Deferred revenue	0.00	588.05	35,599.50	0.00	0.00	36,187.55
Other payable	21,640.27	0.00	0.00	0.00	0.00	21,640.27
Accrued expenses	35,912.10	1,165.61	303.73	0.00	0.00	37,381.44
Due to other funds	4,200.00	0.00	30,000.00	0.00	10,616.12	44,816.12
TOTAL LIABILITIES	99,707.95	2,585.19	75,741.42	0.00	10,616.12	188,650.68
FUND BALANCES:						
Reserved	0.00	0.00	0.00	0.00	140,150.52	140,150.52
Unreserved - designated for ave of flags	16,053.56	0.00	0.00	0.00	0.00	16,053.56
- designated for capital improvements	5,229.71	0.00	0.00	0.00	0.00	5,229.71
Unreserved, reported in:						
General Fund	177,497.82	0.00	0.00	0.00	0.00	177,497.82
Special Revenue Funds	0.00	423,048.87	14,593.12	0.00	49,236.67	486,878.66
Capital Projects Funds	0.00	0.00	0.00	235,620.82	0.00	235,620.82
Total Fund Balances	198,781.09	423,048.87	14,593.12	235,620.82	189,387.19	1,061,431.09
TOTAL LIABILITIES AND FUND BALANCES	\$ 298,489.04	\$ 425,634.06	\$ 90,334.54	\$ 235,620.82	\$ 200,003.31	\$ 1,250,081.77

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENTAL FUNDS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO STATEMENT OF NET ASSETS
June 30, 2008

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	1,061,431.09
--	----	--------------

Amounts reported for governmental activities in the Statement
of Net Assets are different because -

Capital assets used in Governmental Activities are not financial
resources and therefore are not reported in the Governmental Funds
Balance Sheet:

Capital assets at cost		5,636,553.77
Accumulated depreciation		(2,290,628.04)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds		(200,000.00)
---	--	--------------

An internal service fund is used by management to charge the cost of equipment use to individual funds. The assets and liabilities of the internal service fund are included in the Governmental Activities in the Statement of Net Assets		269,114.22
---	--	------------

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	\$	<u><u>4,476,471.04</u></u>
--	----	----------------------------

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended June 30, 2008

	GENERAL	MAJOR STREETS	LOCAL STREETS	VSCI CAPITAL PROJECT	NONMAJOR GOVERNMENTAL	TOTAL
REVENUES:						
Property taxes	\$ 1,130,915.37	\$ 0.00	\$ 0.00	\$ 0.00	\$ 12,360.61	\$ 1,143,275.98
Licenses and permits	4,590.00	0.00	0.00	0.00	0.00	4,590.00
Federal grants	0.00	0.00	0.00	0.00	0.00	0.00
State grants	379,137.36	281,479.55	82,679.13	0.00	1,866.48	745,162.52
Contributions from other units	54,127.74	0.00	0.00	0.00	0.00	54,127.74
Charges for services	130,994.00	658.62	27,312.23	0.00	415.23	159,380.08
Fines and forfeits	4,963.42	0.00	0.00	0.00	0.00	4,963.42
Interest and rentals	41,628.08	12,900.80	1,787.82	1,970.82	7,601.15	65,888.67
Other revenue	1,661.92	0.00	0.00	94,000.00	0.00	95,661.92
Total Revenues	1,748,017.89	295,038.97	111,779.18	95,970.82	22,243.47	2,273,050.33
EXPENDITURES:						
General government	421,815.31	507.00	7,319.00	0.00	17,415.00	447,056.31
Public safety	433,017.22	0.00	0.00	0.00	1,291.94	434,309.16
Public works	187,538.75	163,575.94	183,461.75	0.00	0.00	534,576.44
Community and economic development	44,611.93	0.00	0.00	0.00	0.00	44,611.93
Cultural and recreation	127,767.66	0.00	0.00	0.00	11,975.99	139,743.65
Other	629,680.87	0.00	0.00	0.00	0.00	629,680.87
Capital outlay	58,157.32	16,814.00	136,069.54	0.00	0.00	211,040.86
Debt service - principal	0.00	0.00	0.00	0.00	0.00	0.00
Debt service - interest	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenditures	1,902,589.06	180,896.94	326,850.29	0.00	30,682.93	2,441,019.22
EXCESS OF REVENUES OVER EXPENDITURES	(154,571.17)	114,142.03	(215,071.11)	95,970.82	(8,439.46)	(167,968.89)
OTHER FINANCING SOURCES (USES):						
Loan proceeds	0.00	0.00	0.00	0.00	0.00	0.00
Transfer from other funds	5,426.13	0.00	91,380.00	139,650.00	0.00	236,456.13
Transfer to other funds	(91,850.00)	(121,380.00)	0.00	0.00	(5,426.13)	(218,656.13)
Total Other Financing Sources (Uses)	(86,423.87)	(121,380.00)	91,380.00	139,650.00	(5,426.13)	17,800.00
NET CHANGE IN FUND BALANCES	(240,995.04)	(7,237.97)	(123,691.11)	235,620.82	(13,865.59)	(150,168.89)
FUND BALANCE - July 1, 2007	439,776.13	430,286.84	138,284.23	0.00	203,252.78	1,211,599.98
FUND BALANCE - June 30, 2008	\$ 198,781.09	\$ 423,048.87	\$ 14,593.12	\$ 235,620.82	\$ 189,387.19	\$ 1,061,431.09

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	(150,168.89)
--	----	--------------

Amounts reported for Governmental Activities in the Statement
of Activities are different because -

Governmental funds report capital outlays as expenditures
while in the Statement of Activities, these costs are allocated
over their estimated lives as depreciation expense.

Capital outlay		211,040.86
Less depreciation expense		(207,398.27)
Loss on asset disposal		(212.50)

The City transferred fire equipment to a joint fire authority. The assets
were previously reported as City assets but are no longer included
in the City financial statements. Also debt related to the purchase
of a fire truck was also transferred to the fire authority.

Assets transferred at cost		(405,053.45)
Accumulated depreciation on assets transferred		305,433.00
Transfer of related debt		45,000.00

An internal service fund is used by management to charge the
net costs of equipment use to individual funds. The net cost
of the internal service fund is reported in the governmental
activities.

39,584.62

CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES	\$	<u>(161,774.63)</u>
--	----	---------------------

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2008

	Business-Type Activities					Governmental Activities
	Major Enterprise Funds					Internal Service
	Wastewater Treatment	Water Fund	Marina Fund	Refuse Fund	Total	
<u>ASSETS:</u>						
Current Assets:						
Cash	\$ 128,129.94	\$ 190,320.07	\$ 20,806.52	\$ 1,905.41	\$ 341,161.94	\$ 85,014.39
Accounts receivable	55,386.72	45,466.44	6,765.38	10,692.42	118,310.96	32.75
Prepaid expense	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	8,537.28	0.00	0.00	8,537.28	0.00
Due from other funds	0.00	0.00	0.00	0.00	0.00	0.00
Total Current Assets	183,516.66	244,323.79	27,571.90	12,597.83	468,010.18	85,047.14
Noncurrent Assets:						
Capital Assets:						
Land and improvements	0.00	19,610.06	5,609,326.84	0.00	5,628,936.90	19,931.69
Buildings and improvements	161,686.09	242,852.14	305,455.91	159,586.98	869,581.12	71,994.91
Equipment	49,112.18	98,757.45	94,484.56	210.00	242,564.19	1,028,312.03
Water and sewer systems	2,479,658.91	1,879,423.83	0.00	0.00	4,359,082.74	0.00
Accumulated depreciation	(1,879,766.76)	(1,114,951.50)	(1,361,459.70)	(67,055.71)	(4,423,233.67)	(931,075.40)
Construction in progress	0.00	0.00	0.00	0.00	0.00	0.00
Total Noncurrent Assets	810,690.42	1,125,691.98	4,647,807.61	92,741.27	6,676,931.28	189,163.23
Total Assets	994,207.08	1,370,015.77	4,675,379.51	105,339.10	7,144,941.46	274,210.37
<u>LIABILITIES:</u>						
Current Liabilities:						
Accounts payable	19,080.84	96,944.07	9,462.70	600.00	126,087.61	3,803.62
Due to other governmental units	0.00	0.00	0.00	0.00	0.00	0.00
Due to other funds	15,880.00	50.00	75,000.00	0.00	90,930.00	0.00
Deferred revenue	8,965.47	8,115.74	272.00	0.00	17,353.21	0.00
Accrued expenses	5,714.19	7,718.98	5,991.69	0.00	19,424.86	1,292.53
Current portion - revenue bonds payable		0.00	100,000.00	0.00	100,000.00	0.00
Total Current Liabilities	49,640.50	112,828.79	190,726.39	600.00	353,795.68	5,096.15
Noncurrent Liabilities:						
Revenue bonds payable	0.00	0.00	405,000.00	0.00	405,000.00	0.00
Total Noncurrent Liabilities	0.00	0.00	405,000.00	0.00	405,000.00	0.00
Total Liabilities	49,640.50	112,828.79	595,726.39	600.00	758,795.68	5,096.15
<u>NET ASSETS:</u>						
Invested in capital assets net of related debt	810,690.42	1,125,691.98	4,142,807.61	92,741.27	6,171,931.28	189,163.23
Unrestricted	133,876.16	131,495.00	(63,154.49)	11,997.83	214,214.50	79,950.99
Total Net Assets	\$ 944,566.58	\$ 1,257,186.98	\$ 4,079,653.12	104,739.10	\$ 6,386,145.78	\$ 269,114.22

Reconciliation of Government Wide Statement of Net Assets:

Net Assets of Business-Type Activities \$ 6,386,145.78

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended June 30, 2008

	Business-Type Activities					Governmental
	Major Enterprise Funds					Activities
	Wastewater Treatment	Water Fund	Marina Fund	Refuse Fund	Total	Internal Service
OPERATING REVENUES:						
Charges for services						
Water charges	\$ 0.00	\$ 312,515.78	\$ 0.00	\$ 0.00	\$ 312,515.78	\$ 0.00
Sewer charges	406,851.09	0.00	0.00	0.00	406,851.09	0.00
Water hydrant rental	0.00	10,000.00	0.00	0.00	10,000.00	0.00
Marina sales of goods	0.00	0.00	189,130.58	0.00	189,130.58	0.00
Refuse charges	0.00	0.00	0.00	109,085.98	109,085.98	0.00
Rental income	0.00	23,030.58	118,007.14	210.00	141,247.72	281,919.99
Late payment fees	3,272.87	9,456.52	0.00	874.58	13,603.97	0.00
Miscellaneous	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Revenues	410,123.96	355,002.88	307,137.72	110,170.56	1,182,435.12	281,919.99
OPERATING EXPENSES:						
Salaries	147,648.77	112,088.48	75,422.28	0.00	335,159.53	51,719.47
Fringes and taxes	52,710.89	33,495.23	15,490.05	0.00	101,696.17	6,444.09
Chemicals	6,895.27	9,046.87	0.00	0.00	15,942.14	0.00
Supplies	7,349.61	7,181.29	3,912.69	727.34	19,170.93	8,752.73
Marina - cost of goods sold	0.00	0.00	145,765.56	0.00	145,765.56	0.00
Contractual services	37,091.88	118,147.70	5,589.00	102,832.00	263,660.58	10,100.00
Office supplies	3,282.77	4,289.53	773.85	2,753.24	11,099.39	0.00
Repairs and maintenance	33,323.00	20,020.75	17,234.39	902.05	71,480.19	54,496.06
Utilities	70,545.35	24,349.46	16,551.58	103.06	111,549.45	13,431.00
Insurance	12,569.00	4,722.00	11,108.50	53.00	28,452.50	13,341.00
Equipment rental	10,925.08	11,447.43	3,972.17	0.00	26,344.68	0.00
Other	33,865.19	45,592.51	7,856.92	4,876.01	92,190.63	38,725.23
Depreciation	52,880.28	92,121.38	84,856.73	3,220.91	233,079.30	47,066.80
Total Operating Expenses	469,087.09	482,502.63	388,533.72	115,467.61	1,455,591.05	244,076.38
Operating Income	(58,963.13)	(127,499.75)	(81,396.00)	(5,297.05)	(273,155.93)	37,843.61
NONOPERATING REVENUES(EXPENSES)						
Property taxes	0.00	0.00	0.00	0.00	0.00	0.00
Interest Income	5,765.15	4,774.42	314.38	0.00	10,853.95	408.01
Federal grants	0.00	19,929.00	0.00	0.00	19,929.00	0.00
Sale of capital asset	0.00	0.00	0.00	0.00	0.00	1,333.00
Interest expense	0.00	0.00	(31,197.50)	0.00	(31,197.50)	0.00
Total Nonoperating Revenues(Expenses)	5,765.15	24,703.42	(30,883.12)	0.00	(414.55)	1,741.01
Income before contributions and transfers	(53,197.98)	(102,796.33)	(112,279.12)	(5,297.05)	(273,570.48)	39,584.62
Transfers in	0.00	0.00	20,000.00	0.00	20,000.00	0.00
Transfers out	(880.00)	(50.00)	0.00	0.00	(930.00)	0.00
Change in Net Assets	(54,077.98)	(102,846.33)	(92,279.12)	(5,297.05)	(254,500.48)	39,584.62
Net Assets Beginning of Year	998,644.36	1,360,033.31	4,171,932.24	110,036.15	6,640,646.06	229,529.60
Net Assets End of Year	\$ 944,566.38	\$ 1,257,186.98	\$ 4,079,653.12	\$ 104,739.10	\$ 6,386,145.58	\$ 269,114.22
Change in Net Assets Government-Wide Business Activities					\$ (254,500.48)	

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
Year Ended June 30, 2008

	Business-Type Activities					Governmental
	Major Enterprise Funds					Activities
	Wastewater Treatment	Water Fund	Marina Fund	Refuse Fund	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 394,582.67	\$ 310,737.41	\$ 306,292.71	\$ 0.00	\$ 1,011,612.79	\$ 0.00
Other operating cash receipts	0.00	33,030.58	0.00	(1,170.66)	31,859.92	281,886.25
Cash payments to suppliers for goods and services	(237,868.60)	(180,517.83)	(148,658.84)	0.00	(567,045.27)	(159,560.37)
Cash payments to employees for services	(151,959.18)	(114,394.10)	(76,296.45)	0.00	(342,649.73)	(51,643.82)
Net cash provided (used) by operating activities	4,754.89	48,856.06	81,337.42	(1,170.66)	133,777.71	70,682.06
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:						
Transfers from (to) other funds	(880.00)	(50.00)	20,000.00	0.00	19,070.00	0.00
Other nonoperating income	0.00	19,929.00	0.00	0.00	19,929.00	0.00
Net cash provided (used) by noncapital financing activities	(880.00)	19,879.00	20,000.00	0.00	38,999.00	0.00
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of capital assets	(48,470.61)	(71,730.95)	0.00	(210.00)	(120,411.56)	(10,000.00)
Proceeds from sale of capital assets	0.00	0.00	0.00	0.00	0.00	1,333.00
Debt Payments						
Interest paid on bonds	0.00	0.00	(31,197.50)	0.00	(31,197.50)	0.00
Principal payments on bonds	0.00	0.00	(100,000.00)	0.00	(100,000.00)	0.00
Net cash provided (used) by capital and related financing activities	(48,470.61)	(71,730.95)	(131,197.50)	(210.00)	(251,609.06)	(8,667.00)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest on investments	5,765.15	4,774.42	314.38	0.00	10,853.95	408.01
Net increase (decrease) in cash	(38,830.57)	1,778.53	(29,545.70)	(1,380.66)	(67,978.40)	62,423.07
Cash beginning of year	166,960.31	188,541.54	50,352.22	3,286.07	409,140.14	22,591.32
Cash end of year	\$ 128,129.74	\$ 190,320.07	\$ 20,806.52	\$ 1,905.41	\$ 341,161.74	\$ 85,014.39
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Income (loss) from operations	\$ (58,963.13)	\$ (127,499.75)	\$ (81,396.00)	\$ (5,297.05)	\$ (273,155.93)	\$ 37,843.61
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:						
Depreciation	52,880.28	92,121.38	84,856.73	3,220.91	233,079.30	47,066.80
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(15,541.29)	(11,234.89)	(845.01)	305.48	(27,315.71)	(32.75)
Increase (decrease) in accounts payable	30,689.44	100,749.43	79,595.87	600.00	211,634.74	(14,271.25)
Increase (decrease) in accrued expenses	(4,310.41)	(5,280.11)	(874.17)	0.00	(10,464.69)	75.65
Net Cash Provided (Used) in Operating Activities	\$ 4,754.89	\$ 48,856.06	\$ 81,337.42	\$ (1,170.66)	\$ 133,777.71	\$ 70,682.06

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

FIDUCIARY FUNDS - AGENCY FUNDS
STATEMENT OF NET ASSETS
June 30, 2008

	Employee Benefit Fund Type <u>Separation Pay Fund</u>	Agency Fund Type <u>Tax Collection Fund</u>
Assets:		
Cash and certificates of deposit	\$ 51,358.38	\$ 0.00
Due from WWTP Fund	880.00	0.00
Due from Marina	75,000.00	0.00
Due from General Fund	4,200.00	0.00
Due from Water Fund	50.00	0.00
	<hr/>	<hr/>
Total Assets	131,488.38	0.00
Liabilities:		
Due to other funds	28,415.09	0.00
	<hr/>	<hr/>
Total Liabilities	28,415.09	0.00
Net Assets		
Held in Trust for Separation Pay	\$ <u>103,073.29</u>	\$ <u>0.00</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

FIDUCIARY FUND - SEPARATION PAY FUND
STATEMENT OF CHANGES IN NET ASSETS
June 30, 2008

	Employee Benefit Fund Type <u>Separation Pay Fund</u>
ADDITIONS	
Employer Contributions	
General Fund	\$ 4,200.00
WWTP Fund	880.00
Water Fund	<u>50.00</u>
	5,130.00
Investment Income	
Interest	<u>2,602.28</u>
Total Additions	7,732.28
DEDUCTIONS	
Employee Benefits	<u>40,236.10</u>
Change in Net Assets	<u>(32,503.82)</u>
Net Assets Beginning of Year	135,577.11
Net Assets End of Year	\$ <u><u>103,073.29</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

COMPONENT UNITS
STATEMENT OF NET ASSETS
June 30, 2008

	DOWNTOWN DEVELOPMENT AUTHORITY	HOUSING COMMISSION	TOTAL
<u>ASSETS:</u>			
Current Assets			
Cash and certificates of deposit	\$ 51,823.66	\$ 137,684.00	\$ 189,507.66
Accounts receivable	0.00	0.00	0.00
Prepaid expense	0.00	4,893.00	4,893.00
Land held for sale	347,515.95	0.00	347,515.95
Due from other funds	0.00	0.00	0.00
Total Current Assets	<u>399,339.61</u>	<u>142,577.00</u>	<u>541,916.61</u>
Noncurrent Assets			
Capital Assets:			
Land and improvements	0.00	42,958.00	42,958.00
Buildings and improvements	0.00	1,319,011.00	1,319,011.00
Construction in progress	0.00	50,773.00	50,773.00
Equipment	0.00	178,006.00	178,006.00
Accumulated depreciation	0.00	(953,954.00)	(953,954.00)
Total Noncurrent Assets	<u>0.00</u>	<u>636,794.00</u>	<u>636,794.00</u>
Total Assets	399,339.61	779,371.00	1,178,710.61
<u>LIABILITIES:</u>			
Current Liabilities			
Accounts payable	100.00	3,712.00	3,812.00
Due to other governmental units	0.00	8,012.00	8,012.00
Due to primary government	0.00	0.00	0.00
Accrued expenses	0.00	6,860.00	6,860.00
Current portion - Bonds payable	11,075.15	0.00	11,075.15
Total Current Liabilities	<u>11,175.15</u>	<u>18,584.00</u>	<u>29,759.15</u>
Noncurrent Liabilities			
Bonds payable	75,967.92	0.00	75,967.92
Total Noncurrent Liabilities	<u>75,967.92</u>	<u>0.00</u>	<u>75,967.92</u>
Total Liabilities	87,143.07	18,584.00	105,727.07
<u>NET ASSETS:</u>			
Invested in capital assets net of related debt	0.00	636,794.00	636,794.00
Unrestricted	312,196.54	123,993.00	436,189.54
Total Net Assets	\$ <u><u>312,196.54</u></u>	\$ <u><u>760,787.00</u></u>	\$ <u><u>1,072,983.54</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

COMPONENT UNITS
 STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions	Downtown Development Authority	Housing Commission	Total
DOWNTOWN DEVELOPMENT AUTHORITY							
General government	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Public works	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Community and economic development	45,357.65	0.00	0.00	0.00	(45,357.65)	0.00	(45,357.65)
Interest on long-term debt	<u>7,710.16</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(7,710.16)</u>	<u>0.00</u>	<u>(7,710.16)</u>
Total Downtown Development Authority	53,067.81	0.00	0.00	0.00	(53,067.81)	0.00	(53,067.81)
HOUSING COMMISSION							
Community and economic development	<u>217,338.00</u>	<u>115,195.00</u>	<u>50,275.00</u>	<u>50,773.00</u>	<u>0.00</u>	<u>(1,095.00)</u>	<u>(1,095.00)</u>
Total Housing Commission	<u>217,338.00</u>	<u>115,195.00</u>	<u>50,275.00</u>	<u>50,773.00</u>	<u>0.00</u>	<u>(1,095.00)</u>	<u>(1,095.00)</u>
Total Component Units	<u>\$ 270,405.81</u>	<u>\$ 115,195.00</u>	<u>\$ 50,275.00</u>	<u>\$ 50,773.00</u>			
GENERAL PURPOSE REVENUES:							
Property taxes					110,416.50	0.00	110,416.50
Unrestricted investment earnings					0.00	8,530.00	8,530.00
Rent					6,240.00	0.00	6,240.00
Transfers					<u>(42,000.00)</u>	<u>0.00</u>	<u>(42,000.00)</u>
Total General Purpose Revenues and Transfers					<u>74,656.50</u>	<u>8,530.00</u>	<u>83,186.50</u>
Change in Net Assets					21,588.69	7,435.00	29,023.69
Net Assets - Beginning of year					<u>290,607.85</u>	<u>753,352.00</u>	<u>1,043,959.85</u>
Net Assets - End of Year					<u>\$ 312,196.54</u>	<u>\$ 760,787.00</u>	<u>\$ 1,072,983.54</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A: DESCRIPTION OF REPORTING ENTITY:

The City of Rogers City, which is located in Presque Isle County, was incorporated January 10, 1945 under the provisions of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates under a Council-Manager form of government, and provides highways and streets, sanitation, health and social services, recreation-parks, education, public improvements, planning and zoning, and general administrative services to 3,322 residents. The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

B: REPORTING ENTITY:

Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
the City hold the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Based on the aforementioned criteria, the City of Rogers City has two component units, the Downtown Development Authority and the Housing Commission. The Downtown Development Authority is appointed to preside over this specific district, and it is authorized to formulate plans for public improvements, economic development, neighborhood revitalization, and historic preservation within this area. The Housing Commission provides public housing for eligible citizens.

The members of both governing boards are appointed by the City Council. The budgets and expenditures must be approved by the City Council. The City also has the ability to significantly influence operations of the Downtown Development Authority and Housing Commission.

Discretely Presented Component Units

The following component units are reported within the component units' column in the financial statements. They are reported in a separate column to emphasize that they are legally separate from the City of Rogers City.

1. Downtown Development Authority
2. Housing Commission

Joint Fire Authority:

The City of Rogers City and townships of Moltke, Bismarck, Rogers and Belknap created a fire authority under Public Act 57 to provide fire protection services within the total territory of the incorporating municipalities.

The City transferred all of its fire equipment to the authority and the authority assumed a \$45,000 debt obligation of the City related to a fire truck purchase.

The City relinquished title to all fire equipment transferred.

The authority is governed by a Board of Directors comprised of a member of each of the legislative body of the constituent municipalities. Complete financial statements for the authority can be obtained from the Rogers City Area Fire Department Authority.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

C: BASIS OF PRESENTATION:

Government – Wide Statements

The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the City. The effect of the interfund activity, within the Governmental and Business-Type Activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identified with a specific program. Program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for Governmental Funds, Proprietary Funds and Fiduciary Funds. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Major Government Funds

General Fund –

General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Major Street Fund -

Major Street Fund is a legally mandated fund to account for specific proceeds of revenue from the Michigan Department of Transportation and to account for the legally restricted expenditures of those funds related to the maintenance and construction of major roads and highways within the City.

Local Street Fund -

Local Street Fund is a legally mandated fund to account for specific proceeds of revenue from the Michigan Department of Transportation and to account for the legally restricted expenditures of those funds related to the maintenance and construction of local roads within the City.

Capital Projects Fund -

Capital Project Fund was established for economic development and infrastructure improvements funded by various grants.

Major Proprietary Funds

Enterprise Funds:

Enterprise Funds are used to account for operations:

- a. that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or
- b. where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability, or other purposes.

These are comprised in turn of the:

Wastewater Treatment Fund -

Wastewater Treatment Fund accounts for the activities of the sewer collection system, financed primarily by a user charge for the provision of those services.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Water Fund -

Water Fund is used to account for the provision of water to the residents of the City. Activities of the fund include administration, operation and maintenance of the water system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt. Costs are financed through charges to customers.

Marina Fund -

Marina Fund accounts for the activities of the marina system, financed primarily by a user charge for the provision of those services.

Refuse Fund -

Refuse Fund accounts for the activities of garbage collection, financed primarily by a user charge for the provision of those services.

Additionally the city reports the following fund types:

Internal Service Fund -

Internal Service Fund is used to account for major machinery and equipment purchases and maintenance provided to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

Fiduciary Funds -

Fiduciary, or Trust and Agency, Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust, Nonexpendable Trust, Pension Trust, and Agency Funds. Nonexpendable Trust and Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Separation Pay Fund -

Separation Pay Fund accounts for accumulated separation benefits provided to employees.

Tax Collection Fund -

Tax Collection Fund is an agency fund to account for collection of property taxes of other local units.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the Government-Wide and Proprietary Fund Financial Statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). The City has elected not to follow private sector standards issued after November 30, 1989 for its Business-Type Activities.

As a general rule, the effect of inter-fund activity has been eliminated from the Government-Wide Financial Statements. Exceptions to this general rule are charges between the City's water, sewer and marina functions and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Operating expenses for the Proprietary Funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

D: MEASUREMENT FOCUS/BASIS OF ACCOUNTING:

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Government-Wide Statements and Fund Financial Statements for Proprietary Funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets and the Operating Statements present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, charges for service, interest income and state shared governmental revenues. All other Governmental Fund revenues are recognized when received.

E: CAPITAL ASSETS:

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable Governmental Activities column in the entity-wide financial statements. The City defines capital assets as assets with an individual cost of more than \$1,000 and any assets susceptible to theft. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Buildings, equipment, land improvements and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	50 – 10 years
Vehicles	5 – 25 years
Furniture and other equipment	5 – 25 years
Distribution system	50 years

F: FUND EQUITY:

In the Fund Financial Statements, Governmental Funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

G: PROPERTY TAXES:

Property taxes are levied each July 1 on taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year at which time penalties and interest are assessed. The 2007 taxable valuation of City properties totaled \$65,982,432. The advalorem taxes levied and the resulting revenue by fund and component unit was as follows:

	<u>Millage Rate</u>	<u>Revenue Net of DDA Capture</u>
Primary Government		
Operating Millage	18.1208	\$ 1,122,596
Band	.2000	<u>12,361</u>
Total Primary Government		<u>\$ 1,134,957</u>
Component Unit		
Downtown Development Authority	N/A	<u>\$ 110,417</u>

H: COMPENSATED ABSENCES:

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay.

The Separation Pay Fund was established to provide cash severance payments to any employee upon termination of his/her employment, of one half of his/her accumulated sick leave.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Vacation pay is not allowed to be carried over and no liability existed related to it at June 30, 2008.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A: BUDGETARY INFORMATION:

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- The City Manager submits to the City Council a proposed operating budget by fund for each year. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to June 1, the budget is legally enacted by adoption of the City Council.
- The City Manager is authorized to transfer certain budgeted amounts between departments within any fund. Any revisions that alter the total expenditure of any fund must be approved by the City Council. The legal level of the control is at the activity level.
- Formal budgetary integration is employed as a management control device during the year for all funds.
- Budgets for the General and Special Revenue Funds are prepared on a modified accrual basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund and major Special Revenue Funds budgets as originally adopted and amended by the City Council is included in the required supplemental information.
- All annual appropriations lapse at fiscal year end.

B: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETED FUNDS:

During the year, the City incurred expenditures that were in excess of the amounts budgeted.

GENERAL FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
Land Fill	\$ 11,984	\$13,075	\$ 1,091
Planning and Zoning	16,274	16,581	307

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Fund Deficits - The City had no accumulated fund balance deficits

NOTE 3. LONG-TERM DEBT:

Long-term obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Additional Borrowing</u>	<u>Beginning Balances</u>	<u>Principal Payments (Deductions)</u>	<u>Ending Balance</u>	<u>Current Portion</u>
GOVERNMENTAL – TYPE ACTIVITIES						
Community development Grant/loan	0.00	0	<u>\$ 200,000</u>	<u>\$ 0</u>	<u>\$ 200,000</u>	<u>\$ 18,182</u>
BUSINESS – TYPE ACTIVITIES						
Marina Fund Bonds						
1994 General Obligation	5.375 - 5.75	0	\$ 120,000	\$ (40,000)	\$ 80,000	\$40,000
1995 General Obligation	5.2 - 5.7	0	120,000	(30,000)	90,000	30,000
2000 General Obligation	5.05 - 5.45	0	<u>365,000</u>	<u>(30,000)</u>	<u>335,000</u>	<u>30,000</u>
Total Business-Type Activity			<u>\$ 605,000</u>	<u>\$ (100,000)</u>	<u>\$ 505,000</u>	<u>\$ 100,000</u>
COMPONENT UNIT						
Downtown Development Community Development Loan Huron National Bank	7.51	0	<u>\$ 108,011</u>	<u>\$ 20,968</u>	<u>\$ 87,043</u>	<u>\$ 22,574</u>

Annual debt service requirements are detailed in the other additional information schedules.

CITY OF ROGERS CITY
Presque Isle, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 4. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Balance July 1</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Balance June 30</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 595,220	\$ 0	\$ 0	\$ 595,220
Capital assets being depreciated				
Buildings and improvements	1,316,530	0	0	1,316,530
Furniture and equipment	1,779,527	58,157	(407,911)	1,429,773
Infrastructure	<u>3,262,386</u>	<u>152,883</u>	<u>0</u>	<u>3,415,269</u>
Subtotal	6,358,443	211,040	(407,911)	6,161,572
Less accumulated depreciation	<u>3,285,317</u>	<u>254,465</u>	<u>(318,079)</u>	<u>3,221,703</u>
Net capital assets being depreciated	<u>3,073,126</u>	<u>(43,425)</u>	<u>(89,832)</u>	<u>2,939,869</u>
Total Net Capital Assets	<u>\$3,668,346</u>	<u>\$ (43,425)</u>	<u>\$ (89,832)</u>	<u>\$3,535,089</u>
Business -Type Activities				
Capital assets not being depreciated				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Construction in progress	0	0	0	0
Capital assets being depreciated				
Buildings and improvements	6,496,592	1,926	0	6,498,518
Water and sewer distribution systems	4,302,937	56,146	0	4,359,083
Furniture and equipment	<u>192,722</u>	<u>62,339</u>	<u>(12,497)</u>	<u>242,564</u>
Subtotal	10,992,251	120,411	(12,497)	11,100,165
Less accumulated depreciation	<u>4,202,652</u>	<u>233,079</u>	<u>(12,497)</u>	<u>4,423,234</u>
Net capital assets being depreciated	<u>6,789,599</u>	<u>(112,668)</u>	<u>0</u>	<u>6,676,931</u>
Total Net Capital Assets	<u>\$6,789,599</u>	<u>\$(112,668)</u>	<u>\$ 0</u>	<u>\$ 6,676,931</u>

CITY OF ROGERS CITY
Presque Isle, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 4. CAPITAL ASSETS (continued):

Capital assets activity for the City's component unit for the year was as follows:

	Balance <u>July 1</u>	Additions/ <u>Completions</u>	Retirements/ <u>Adjustments</u>	Balance <u>June 30</u>
Component Unit				
Capital assets not being depreciated				
Land	\$ 42,958	\$ 0	\$ 0	\$ 42,958
Construction in progress	37,603	13,170	0	50,773
Capital assets being depreciated				
Buildings and improvements	1,264,800	54,211	0	1,307,354
Equipment	176,606	1,400	0	178,006
Less accumulated depreciation	<u>901,644</u>	<u>52,310</u>	<u>0</u>	<u>953,954</u>
Net capital assets being depreciated	<u>539,762</u>	<u>3,301</u>	<u>0</u>	<u>543,063</u>
Total Net Capital Assets	<u>\$ 620,323</u>	<u>\$ 16,471</u>	<u>\$ 0</u>	<u>\$ 636,794</u>

Depreciation expense was charged to programs of the primary government and component unit as follows:

Governmental Activities:	
General government	\$ 6,229
Public safety	18,957
Public works	5,484
Recreation and culture	42,770
Streets and highways	133,338
Community development	<u>620</u>
Total depreciation expense	<u>\$ 207,398</u>
Business-Type Activities:	
Wastewater treatment	\$ 52,880
Water	92,121
Marina	84,857
Refuse	<u>3,221</u>
Total depreciation expense	<u>\$ 233,079</u>
Component Unit:	
Housing commission	<u>\$ 52,310</u>

CITY OF ROGERS CITY
Presque Isle, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 5. INTERFUND BALANCES AND TRANSFERS:

The composition of interfund receivable and payable balances at June 30, 2008 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Waste Water Treatment	\$ 15,000
General Fund	Equipment Fund	28,415
General Fund	Perpetual Care	10,616
Separation Pay Fund	Waste Water Treatment Plant	880
Separation Pay Fund	General Fund	4,200
Separation Pay Fund	Water	50
Perpetual Care	Marina	75,000
Major Street	Local Street	<u>30,000</u>
Total		<u>\$164,161</u>

NOTE 6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

Michigan Compiled Laws, §129.91, authorizes local governmental units to deposit and invest in the accounts of federally insured banks, credit unions and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States, or any agency or instrumentality of the United States; repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City has designated five financial agencies for the deposit of local unit funds. The investment policy adopted by the City in accordance with *Public act 196 of 1997* has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. The City's deposits and investment policy are in accordance with statutory authority.

At year-end, deposits and investments were reported in the basic financial statements in the following categories:

CITY OF ROGERS CITY
Presque Isle, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total Primary Government	Component Units
Cash and cash equivalents	\$ 1,075,010	\$ 341,162	\$ 51,358	\$ 1,467,530	\$ 189,508
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 1,075,010</u>	<u>\$ 341,162</u>	<u>\$ 51,358</u>	<u>\$ 1,467,530</u>	<u>\$ 189,508</u>

NOTE 6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS
(continued):

The breakdown of Governmental Activities as shown in the fund-based financial statements is as follows:

	<u>Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
Cash and cash equivalents	<u>\$ 989,996</u>	<u>\$ 85,014</u>	<u>\$ 1,075,010</u>

The breakdown of deposits for the City is as follows:

	Primary Government			Component Units		
	<u>Insured</u>	<u>Uninsured</u>	<u>Total</u>	<u>Insured</u>	<u>Uninsured</u>	<u>Total</u>
Bank Deposits (checking and savings accounts and certificates of deposits)	\$ 1,092,453	\$ 375,077	\$ 1,467,530	\$ 189,508	0	\$ 189,508
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 1,092,453</u>	<u>\$ 375,077</u>	<u>\$ 1,467,530</u>	<u>\$ 189,508</u>	<u>\$ 0</u>	<u>\$ 189,508</u>

NOTE 7. RISK MANAGEMENT:

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation) and certain medical benefits provided to employees.

The City has purchased commercial insurance for medical benefits, participates in the Michigan Municipal League risk pool program for workers' compensation, liability and property risk. This insurance provider is a public entity risk pool providing coverage to its members. The City pays an annual premium to this provider, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence based on property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

CITY OF ROGERS CITY
Presque Isle, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 8. DEFINED BENEFIT PENSION PLAN:

Plan Description

The City participates in the Michigan Municipal Employees' Retirement System, an agent multiple-employer defined benefit pension plan that covers all employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees' Retirement System issues a publically available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, Michigan, 48917. MERS was organized pursuant to *Public Act 156 of 1851, §12a* (MSA 5.333(a); MCLA 46.12a), as amended, State of Michigan. MERS is regulated under *Public Act 427 of 1995*, the sections of which have been approved by the State Pension Commission.

The City is in an agent/multi-employer defined contribution plan with the Municipal Employees Retirement System (MERS administered by the State of Michigan). The most recent period for which actuarial data was available was for the calendar year ended December 31, 2007. The City's covered payroll for employees covered by MERS for the year ended December 31, 2007 was \$1,065,789 per the actuarial report. Data on covered versus total payroll was available in the latest actuarial evaluation.

As of December 31, 2007, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	22
Active plan participants:	
Vested members	29
Vested former members	4
Total Active	33
Total Participants	55

CITY OF ROGERS CITY
Presque Isle, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued):

Funding Policy

The City is required to contribute at an actuarially determined rate. The rate varies by divisions of employees from 3% to 22.64% of annual covered payroll. Employee contributions vary by covered divisions, 3% for general employees, 4% for police and fire, and 3% for administrative staff of annual covered payroll.

The obligation to contribute to and maintain the system was established by negotiation with collective bargaining units and city policy for non-union employees.

The contribution requirements of plan members are established and may be amended by the City, depending on the MERS contribution program adopted by the City.

Annual Pension Cost

For the year ended June 30, 2008, the City's annual pension cost of \$228,664 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using an entry age normal funding method. Significant actuarial assumptions used include: (a) a rate of return on the investment of present and future assets of 8 percent per year compounded annually, (b) projected salary increases of 4.5 percent per year compounded annually, (c) additional projected salary increases ranging from 0 percent noncompounded after retirement. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a ten-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years.

CITY OF ROGERS CITY
Presque Isle, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

UNFUNDED ACTUARIAL ACCRUED LIABILITY

Actuarial Accrued Liability

Retirees and beneficiaries currently receiving benefits	\$ 4,966,528
Terminated employees (vested former members not yet receiving benefits)	119,136
Non-vested terminated employees (pending refunds of accumulated member contributions)	3,541
Current employees -	
Accumulated employee contributions including allocated investment income	545,393
Employer financed	<u>2,616,420</u>
Total Actuarial Accrued Liability	\$ 8,251,018
Net Assets Available for Benefits at Actuarial Value	<u>6,249,485</u>
(Market Value is \$6,322,389)	
Unfunded (Overfunded) Actuarial Accrued Liability	<u>\$2,001,533</u>

TREND INFORMATION

	Year End December 31					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Annual pension cost (APC)	\$ 85,387	\$ 89,381	\$ 100,450	\$129,809	\$160,691	\$ 196,947
Percentage of APC contributed	100%	100%	100%	100%	100%	100%
Net pension obligation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF ROGERS CITY
Presque Isle, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued):

REQUIRED SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
12/31/96	\$ 3,171,110	\$ 3,293,865	\$ 122,755	96%	\$ 737,090	17%
12/31/97	3,458,213	3,626,750	168,537	95	766,425	22
12/31/98	3,817,881	4,122,428	304,547	93	776,286	39
12/31/99	4,341,395	4,450,087	108,692	98	815,053	13
12/31/00	4,722,511	5,106,674	384,163	92	858,675	45
12/31/01	5,008,506	5,536,091	527,585	90	897,675	59
12/31/02	5,099,679	5,893,413	793,734	87	942,520	84
12/31/03	5,347,037	6,453,195	1,106,158	83	952,200	116
12/31/04	5,534,066	7,104,960	1,570,894	78	978,746	161
12/31/05	5,706,312	7,612,955	1,906,643	75	945,012	202
12/31/06	5,965,596	7,820,399	1,854,803	76	1,009,518	184
12/31/07	6,249,485	8,251,018	2,001,533	76	1,065,789	188

ANNUAL REQUIRED CONTRIBUTIONS

Fiscal Year Beginning	July 1, 2009
Annual Required Contribution (ARC)	\$ 203,676
Amortization Factor Used – Underfunded Liabilities (28 years)	0.055889

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS:

The City provides health care benefits to full time employees upon retirement. The cost of the benefits are covered by purchased commercial insurance. The expenditures for past employment health care benefits are recognized as insurance premiums are paid.

CITY OF ROGERS CITY
Presque Isle, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 10. LONG-TERM DEBT NOT PREVIOUSLY PRESENTED:

In 2002, the City received a Community Block Grant from the Michigan Economic Development Corporation for infrastructure improvements to the Industrial Park. A funding and repayment condition of the original grant was first payment due August 1, 2007. The original proceeds received were reported as grant revenue and no liability for repayment of the original amount was reported.

Management now believes the creation of qualifying new jobs is unlikely and the related outstanding debt should now be included in the governmental activities of the Government-wide Statement of Net Assets. The City received an additional extension to create qualifying jobs and an extension to begin repayment of the loan until 12/31/08.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 1,132,656.00	\$ 1,128,486.00	\$ 1,130,915.37	\$ 2,429.37
Licenses and permits	1,450.00	4,585.00	4,590.00	5.00
State and local grants	429,024.00	438,688.00	379,137.36	(59,550.64)
Contributions from other units	12,950.00	52,028.00	54,127.74	2,099.74
Fines and fees	4,500.00	4,520.00	4,963.42	443.42
Charges for services	127,289.00	134,550.00	130,994.00	(3,556.00)
Interest	30,000.00	40,266.00	40,728.08	462.08
Rental	875.00	900.00	900.00	0.00
Other revenue	0.00	0.00	1,661.92	1,661.92
Total Revenues	1,738,744.00	1,804,023.00	1,748,017.89	(56,005.11)
EXPENDITURES:				
General Government-				
Legislative - council	30,294.00	31,294.00	31,012.53	281.47
Administration	76,074.00	76,574.00	76,527.94	46.06
Elections	16,056.00	5,825.00	5,858.50	(33.50)
Assessor	20,675.00	20,175.00	19,235.87	939.13
Attorney	18,400.00	18,400.00	16,711.45	1,688.55
Board of Review	2,625.00	2,478.00	2,442.26	35.74
Clerk/Treasurer	99,106.00	99,694.00	95,873.43	3,820.57
Accounting & auditing	77,021.00	78,180.00	75,918.20	2,261.80
City Hall	33,080.00	39,780.00	36,270.49	3,509.51
Cemetery	51,331.00	51,331.00	47,332.98	3,998.02
Promotional	13,135.00	18,135.00	14,631.66	3,503.34
Public Safety-				
Fire	72,560.00	72,560.00	7,402.71	65,157.29
Police	371,863.00	377,027.00	369,158.53	7,868.47
School resource officer	59,993.00	59,207.00	56,455.98	2,751.02
Public Works-				
Landfill	7,648.00	11,984.00	13,075.13	(1,091.13)
Street lighting	38,000.00	43,300.00	43,090.28	209.72
Department of public works	128,525.00	193,357.00	131,373.34	61,983.66
Parks & Recreation-				
Parks and recreation	126,382.00	128,098.00	127,767.66	330.34
Community and Economic Development-				
Planning and zoning	13,032.00	16,274.00	16,580.63	(306.63)
Engineering	37,386.00	32,841.00	28,031.30	4,809.70
Capital outlay	0.00	0.00	58,157.32	(58,157.32)
Other functions - insurance	25,000.00	24,604.00	24,604.00	0.00
Other functions - fringe benefits	567,716.00	601,581.00	376,413.15	225,167.85
Other functions -retirement	0.00	0.00	228,663.72	(228,663.72)
Total Expenditures	1,885,902.00	2,002,699.00	1,902,589.06	100,109.94
OTHER FINANCING SOURCES (USES):				
Loan proceeds	0.00	0.00	0.00	0.00
Transfer from other funds	0.00	0.00	5,426.13	5,426.13
Transfer to other funds	(12,600.00)	(94,550.00)	(91,850.00)	2,700.00
Net Other Financing Sources (Uses)	(12,600.00)	(94,550.00)	(86,423.87)	(8,126.13)
NET CHANGE IN FUND BALANCE	(159,758.00)	(293,226.00)	(240,995.04)	52,230.96
FUND BALANCE - BEGINNING OF YEAR	439,776.13	617,309.26	439,776.13	0.00
FUND BALANCE - END OF YEAR	\$ 280,018.13	\$ 324,083.26	\$ 198,781.09	(125,302.17)

CITY OF ROGERS CITY
Presque Isle County, Michigan

MAJOR STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES:				
State grants	\$ 219,505.00	\$ 227,486.00	\$ 237,976.83	\$ 10,490.83
Contribution from special assessments	588.00	588.00	658.62	70.62
Interest	10,000.00	10,000.00	12,900.80	2,900.80
Federal grant	0.00	0.00	0.00	0.00
State grants - other	0.00	18,798.00	43,502.72	24,704.72
Other	0.00	27,285.00	0.00	(27,285.00)
Total Revenues	230,093.00	284,157.00	295,038.97	10,881.97
EXPENDITURES:				
Public Works-				
Administration	18,276.00	18,276.00	18,276.00	0.00
Construction	181,191.00	25,467.00	21,603.89	3,863.11
Routine maintenance	35,908.00	36,414.00	32,704.44	3,709.56
Traffic signs and signals	0.00	5,282.00	4,329.14	952.86
Trunkline maintenance	23,716.00	23,716.00	5,968.77	17,747.23
Winter maintenance	67,382.00	97,585.00	97,507.70	77.30
Other Functions -insurance	1,100.00	1,100.00	507.00	593.00
Total Expenditures	327,573.00	207,840.00	180,896.94	26,943.06
EXCESS REVENUES OVER EXPENDITURES	(97,480.00)	76,317.00	114,142.03	37,825.03
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	0.00	0.00	0.00	0.00
Transfer to capital projects fund	0.00	(30,000.00)	(30,000.00)	0.00
Transfer to local street	(64,646.00)	(91,380.00)	(91,380.00)	0.00
Total Other Financing Sources	(64,646.00)	(121,380.00)	(121,380.00)	0.00
Excess (deficiency) of revenues over expenditures and other uses	(162,126.00)	(45,063.00)	(7,237.97)	37,825.03
FUND BALANCE - BEGINNING OF YEAR	430,286.85	430,286.84	430,286.84	0.00
FUND BALANCE - END OF YEAR	\$ 268,160.85	\$ 385,223.84	\$ 423,048.87	\$ 37,825.03

CITY OF ROGERS CITY
Presque Isle County, Michigan

LOCAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES:				
State grants	\$ 77,695.00	\$ 85,672.00	\$ 80,191.87	\$ (5,480.13)
Interest	0.00	1,530.00	1,787.82	257.82
Contribution from special assessments	14,578.00	27,877.00	27,312.23	(564.77)
State Grants - Metro Act	12,700.00	0.00	0.00	0.00
State Grants- Build Mich	0.00	0.00	2,487.26	2,487.26
Other	0.00	972.00	0.00	(972.00)
Total Revenues	104,973.00	116,051.00	111,779.18	(4,271.82)
EXPENDITURES:				
Public Works-				
Administration	7,000.00	7,500.00	7,319.00	181.00
Construction	48,807.00	164,000.00	136,069.54	27,930.46
Routine maintenance	71,716.00	47,000.00	73,965.88	(26,965.88)
Traffic signs and signals	1,840.00	100.00	17.76	82.24
Winter maintenance	74,089.00	108,999.00	108,971.11	27.89
Other Functions -insurance	700.00	700.00	507.00	193.00
Total Expenditures	204,152.00	328,299.00	326,850.29	1,448.71
EXCESS REVENUES OVER EXPENDITURES	(99,179.00)	(212,248.00)	(215,071.11)	(2,823.11)
OTHER FINANCING SOURCES (USES)				
Transfer from Major Street	64,646.00	91,380.00	91,380.00	0.00
Transfer from General Fund	0.00	0.00	0.00	0.00
Total Transfers	64,646.00	91,380.00	91,380.00	0.00
Excess (deficiency) of revenues over expenditures and other uses	(34,533.00)	(120,868.00)	(123,691.11)	(2,823.11)
FUND BALANCE - BEGINNING OF YEAR	138,284.23	138,284.23	138,284.23	0.00
FUND BALANCE - END OF YEAR	\$ 103,751.23	\$ 17,416.23	\$ 14,593.12	\$ (2,823.11)

CITY OF ROGERS CITY
Presque Isle County, Michigan

VSCI CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES:				
Federal grants	\$ 0.00	\$ 120,000.00	\$ 0.00	\$ (120,000.00)
State grants	0.00	0.00	0.00	0.00
Interest	0.00	0.00	1,970.82	1,970.82
Local contributions	94,000.00	0.00	94,000.00	94,000.00
Total Revenues	94,000.00	120,000.00	95,970.82	(24,029.18)
EXPENDITURES:				
Public Works				
Administration	0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00	0.00
Routine maintenance	0.00	0.00	0.00	0.00
Traffic signs and signals	0.00	0.00	0.00	0.00
Winter maintenance	0.00	0.00	0.00	0.00
Other functions - insurance	0.00	0.00	0.00	0.00
Total Expenditures	0.00	0.00	0.00	0.00
EXCESS REVENUES OVER EXPENDITURES	94,000.00	120,000.00	95,970.82	(24,029.18)
OTHER FINANCING SOURCES (USES)				
Transfer from Major Street	30,000.00	30,000.00	30,000.00	0.00
Transfer from CDA Fund	22,000.00	22,000.00	22,000.00	0.00
Transfer from General Fund	90,000.00	90,000.00	87,650.00	(2,350.00)
Total Transfers	142,000.00	142,000.00	139,650.00	(2,350.00)
Excess (deficiency) of revenues over expenditures and other uses	236,000.00	262,000.00	235,620.82	(24,029.18)
FUND BALANCE - BEGINNING OF YEAR	0.00	0.00	0.00	0.00
FUND BALANCE - END OF YEAR	\$ 236,000.00	\$ 262,000.00	\$ 235,620.82	\$ (24,029.18)

OTHER ADDITIONAL INFORMATION

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended June 30, 2008

REVENUES:

Taxes -

Property taxes	\$ 1,122,596.04
Payment in lieu of taxes	0.00
Trailer park taxes	354.00
Penalties and interest	7,965.33
Administration fees	0.00

Total Taxes 1,130,915.37

State and Local Grants -

State revenue sharing	362,558.00
Other state grants	0.00
State metro act	12,095.21
Local grant - general	0.00
Liquor license fees	4,484.15

Total State and Local Grants 379,137.36

Contributions from other units-

Fire protection fees	0.00
Payment in lieu of taxes	8,011.95
School police officer	46,115.79

Total Other Unit Contributions 54,127.74

Licenses and permits-

Building and inspections	385.00
Zoning	4,205.00

Total Licenses and Permits 4,590.00

Fines and penalties

4,963.42

Charges for services-

Fire runs	2,762.35
Cemetery	7,975.00
Administrative services	109,378.00
Police/fire reports	304.25
Copies	70.50
Other charges	10,503.90
Weed cutting	0.00

Total Charges for Services 130,994.00

Interest and Rentals -

Interest	40,728.08
Rents	900.00

Total Interest and Rentals 41,628.08

Other Revenues-

Donations	1,641.00
Sale of assets	20.92
Misc	0.00

Total Other Revenues 1,661.92

Total Revenues 1,748,017.89

Other sources and uses-

Loan proceeds	0.00
Out to seperation pay	(4,200.00)
In from perpetual care	5,426.13
Out to capital projects	(87,650.00)

Total Transfers (86,423.87)

EXPENDITURES

1,902,589.06

NET CHANGE IN FUND BALANCE

(240,995.04)

FUND BALANCE - July 1, 2007

439,776.13

FUND BALANCE - June 30, 2008

\$ 198,781.09

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
DETAIL OF EXPENDITURES
Year Ended June 30, 2008

EXPENDITURES:

GENERAL GOVERNMENT:

Mayor and City Council-

Salaries	\$ 12,475.00
Fringes and taxes	954.30
Travel	7,591.54
Printing and publications	5,390.50
Education	2,147.00
Supplies and other	<u>2,454.19</u>

Total Legislative 31,012.53

City Manager-

Wages	63,171.93
Fringes and taxes	8,372.72
Travel	1,024.42
Supplies and other	<u>3,958.87</u>

Total Manager 76,527.94

Accounting-

Wages	37,790.06
Fringes and taxes	2,951.86
Programming outlay	18,489.08
Audit	5,400.00
Equipment repairs	6,131.28
Supplies and other	<u>5,155.92</u>

Total Accounting 75,918.20

Clerk/Treasurer-

Wages	82,442.13
Fringes and taxes	6,857.32
Office and postage	3,044.66
Supplies and other	3,069.12
Printing and publication	<u>460.20</u>

Total Clerk 95,873.43

Board of Review-

Wages	1,350.00
Fringes and taxes	265.21
Other costs	<u>827.05</u>

Total Board of Review 2,442.26

Attorney-

Contracted services	14,400.00
Other costs	<u>2,311.45</u>

Total Attorney 16,711.45

Assessor-

Contractual service	17,500.00
Travel	400.00
Printing and other costs	<u>1,335.87</u>

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
DETAIL OF EXPENDITURES (Continued)
Year Ended June 30, 2008

EXPENDITURES (CONT.):

GENERAL GOVERNMENT (CONT.):

Elections-	
Salaries	\$ 2,605.05
Fringes and taxes	63.02
Office supplies	1,367.62
Printing and publications	656.00
Supplies and other	<u>1,166.81</u>
Total Elections	5,858.50
Cemetery-	
Salaries	29,023.65
Fringes and taxes	2,515.83
Equipment rental	9,996.20
Utilities	1,440.80
Other costs	<u>4,356.50</u>
Total Cemetery	47,332.98
Promotional-	
Membership and dues	3,962.67
Community promotions	<u>10,668.99</u>
Total Promotional	14,631.66
City Hall and Grounds-	
Contractual services	11,750.04
Supplies	549.93
Insurance	0.00
Utilities	10,775.64
Repairs and maintenance	4,831.21
Telephone	8,363.67
Other costs	<u>0.00</u>
Total City Hall	<u>36,270.49</u>
Total General Government	421,815.31

PUBLIC SAFETY:

Police Department-	
Salaries	293,836.01
Fringes and taxes	25,869.86
Office and postage	735.64
Operating supplies	3,199.35
Communications	1,664.20
Gas and oil	13,534.12
Vehicle maintenance	4,447.97
Uniforms	4,164.11
Vehicle lease	14,749.48
Other	<u>6,957.79</u>
Total Police Department	369,158.53

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
DETAIL OF EXPENDITURES (Continued)
Year Ended June 30, 2008

EXPENDITURES (CONT.):
PUBLIC SAFETY (CONT.)

School Resource Officer-	
Salaries	\$ 39,245.54
Fringes and taxes	15,686.95
Uniforms	784.26
Other	<u>739.23</u>

Total SRO 56,455.98

Fire Department-	
Salaries	25,306.76
Fringes and taxes	2,519.04
Hydrant rental	10,000.00
Other costs	9,066.48
Repairs and maintenance	6,802.25
Reimbursed costs	<u>(46,291.82)</u>

Total Fire Department 7,402.71

Total Public Safety 433,017.22

PUBLIC WORKS

Department of Public Works-	
Salaries	77,457.15
Fringes and taxes	9,996.69
Supplies	2,124.91
Uniforms	6,155.03
Refuse	287.29
Equipment rental	33,451.24
Other	<u>1,901.03</u>

Total DPW 131,373.34

Landfill-	
Salaries	4,881.97
Other costs	<u>8,193.16</u>

Total Landfill 13,075.13

Street Lighting- 43,090.28

Total Public Works 187,538.75

COMMUNITY AND ECONOMIC DEVELOPMENT:

Engineering-	
Salaries	21,421.04
Fringes and taxes	1,773.92
Contractual services	1,260.60
Other	<u>3,575.74</u>

Total Engineering 28,031.30

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
DETAIL OF EXPENDITURES (Continued)
Year Ended June 30, 2008

EXPENDITURES (CONT.):

Planning and Zoning-	
Salaries	12,976.30
Fringes and taxes	992.67
Contractual services	601.79
Other	<u>2,009.87</u>
Total Planning and Zoning	<u>16,580.63</u>
Total Comm. and Econ. Development	44,611.93
RECREATION AND CULTURAL:	
Parks and Recreation-	
Wages	50,172.65
Fringes and taxes	3,860.88
Contractual services	3,660.00
Utilities	4,685.97
Repairs and maintenance	9,243.15
Equipment rental	36,218.28
Entertainment	11,092.33
Supplies and other	<u>8,834.40</u>
Total Parks and Recreation	127,767.66
Total Recreation and Cultural	127,767.66
OTHER:	
Insurance and bonds	24,604.00
Employee benefits	349,472.15
Employer's share of retirement	228,663.72
Workers compensation	<u>26,941.00</u>
Total Other	629,680.87
CAPITAL OUTLAY:	
General government	184.52
Public safety	4,880.50
Public works	52,904.95
Parks and recreation	<u>187.35</u>
Total Capital Outlay	58,157.32
Total Expenditures	\$ 1,902,589.06

CITY OF ROGERS CITY
Presque Isle County, Michigan

BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008

	<u>Special Revenue Funds</u>			<u>Capital Projects</u>	<u>Permannent Fund</u>	
	<u>Band Fund</u>	<u>Small Cities Fund</u>	<u>Justice Training Fund</u>	<u>Industrial Park Fund</u>	<u>Perpetual Care Fund</u>	<u>Total</u>
<u>ASSETS:</u>						
Current Assets:						
Cash and certificate of deposit	\$ 850.78	\$ 1,969.65	\$ 1,778.14	\$ 0.00	\$ 150,766.64	\$ 155,365.21
Due from other funds	0.00	0.00	0.00	0.00	0.00	0.00
Other receivables	0.00	44,566.27	0.00	0.00	0.00	44,566.27
Taxes receivable	71.83	0.00	0.00	0.00	0.00	71.83
Total Assets	<u>922.61</u>	<u>46,535.92</u>	<u>1,778.14</u>	<u>0.00</u>	<u>150,766.64</u>	<u>200,003.31</u>
<u>LIABILITIES:</u>						
Liabilities:						
Due to other funds	0.00	0.00	0.00	0.00	10,616.12	10,616.12
Accounts payable	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	0.00	0.00	0.00	0.00	10,616.12	10,616.12
<u>FUND BALANCES:</u>						
Reserved- nonexpendable	0.00	0.00	0.00	0.00	140,150.52	140,150.52
Unreserved - designated	0.00	0.00	0.00	0.00	0.00	0.00
Unreserved - undesignated	<u>922.61</u>	<u>46,535.92</u>	<u>1,778.14</u>	<u>0.00</u>	<u>0.00</u>	<u>49,236.67</u>
Total Fund Balances	<u>922.61</u>	<u>46,535.92</u>	<u>1,778.14</u>	<u>0.00</u>	<u>140,150.52</u>	<u>189,387.19</u>
Total Liabilities and Fund Balances	\$ <u>922.61</u>	\$ <u>46,535.92</u>	\$ <u>1,778.14</u>	\$ <u>0.00</u>	\$ <u>150,766.64</u>	\$ <u>200,003.31</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NONMAJOR GOVERNMENT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended June 30, 2008

	Special Revenue Funds			Capital Projects	Trust & Agency	Total Nonmajor Government Funds
	Band Fund	Small Cities Fund	Justice Training Fund	Industrial Park Fund	Perpetual Care Fund	
REVENUES:						
Property taxes	\$ 12,360.61	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 12,360.61
State grants	0.00	0.00	1,866.48	0.00	0.00	1,866.48
Contributions from other units	0.00	0.00	0.00	0.00	0.00	0.00
Charges for services-penalties	15.23	0.00	0.00	0.00	0.00	15.23
Interest	0.00	2,110.02	0.00	0.00	5,491.13	7,601.15
Rental	0.00	0.00	0.00	0.00	0.00	0.00
Other revenue	0.00	0.00	0.00	0.00	400.00	400.00
Total Revenues	12,375.84	2,110.02	1,866.48	0.00	5,891.13	22,243.47
EXPENDITURES:						
General government	0.00	17,350.00	0.00	0.00	65.00	17,415.00
Public safety	0.00	0.00	1,291.94	0.00	0.00	1,291.94
Public works	0.00	0.00	0.00	0.00	0.00	0.00
Community and economic development	0.00	0.00	0.00	0.00	0.00	0.00
Recreation and culture	11,975.99	0.00	0.00	0.00	0.00	11,975.99
Capital outlay	0.00	0.00	0.00	0.00	0.00	0.00
Debt service:						
Principal	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenditures	11,975.99	17,350.00	1,291.94	0.00	65.00	30,682.93
OTHER FINANCING SOURCES (USES):						
Transfer from other funds	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to other funds	0.00	0.00	0.00	0.00	(5,426.13)	(5,426.13)
Net Other Financing Sources (Uses)	0.00	0.00	0.00	0.00	(5,426.13)	(5,426.13)
NET CHANGE IN FUND BALANCE	399.85	(15,239.98)	574.54	0.00	400.00	(13,865.59)
FUND BALANCE - BEGINNING OF YEAR	522.76	61,775.90	1,203.60	0.00	139,750.52	203,252.78
FUND BALANCE - END OF YEAR	\$ 922.61	\$ 46,535.92	\$ 1,778.14	\$ 0.00	\$ 140,150.52	\$ 189,387.19

CITY OF ROGERS CITY
Preque Isle County, Michigan

COMPONENT UNIT
DOWNTOWN DEVELOPMENT FUND
SCHEDULE OF INDEBTEDNESS
June 30, 2008

TYPE OF ISSUE: Industrial Park Land Purchase - Huron National Bank

INTEREST RATE: 7.51%

TOTAL AUTHORIZED ISSUE: 250,000

Date	Principal	Interest	Total
12/31/2008	11,075.15	3,264.12	14,339.27
6/30/2009	11,498.92	2,840.35	14,339.27
12/31/2009	11,835.57	2,503.70	14,339.27
6/30/2010	12,370.92	1,968.35	14,339.27
12/31/2010	12,833.56	1,505.71	14,339.27
6/30/2011	13,313.50	1,025.77	14,339.27
12/31/2011	14,115.45	527.88	14,643.33
	\$ 87,043.07	\$ 13,635.88	\$ 100,678.95

CITY OF ROGERS CITY
Preque Isle County, Michigan

MARINA FUND
SCHEDULE OF INDEBTEDNESS
June 30, 2008

TYPE OF ISSUE: 1994 General Obligation Bonds
PURPOSE OF ISSUE: Harbor Expansion
INTEREST RATE: 5.375 - 5.75%
ORIGINAL ISSUE: 450,000

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
11/1/2008	40,000.00	2,300.00	42,300.00
5/1/2009	0.00	1,150.00	1,150.00
11/1/2009	40,000.00	1,150.00	41,150.00
\$	<u>80,000.00</u>	\$ <u>4,600.00</u>	\$ <u>84,600.00</u>

CITY OF ROGERS CITY
Preque Isle County, Michigan

MARINA FUND
SCHEDULE OF INDEBTEDNESS
June 30, 2008

TYPE OF ISSUE: 1995 General Obligation Bonds
PURPOSE OF ISSUE: Harbor Expansion
INTEREST RATE: 5.2 - 5.7%
ORIGINAL ISSUE: 475,000

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
11/1/2008	0.00	2,520.00	2,520.00
5/1/2009	30,000.00	2,520.00	32,520.00
11/1/2009	0.00	1,695.00	1,695.00
5/1/2010	30,000.00	1,695.00	31,695.00
11/1/2010	0.00	855.00	855.00
5/1/2011	30,000.00	855.00	30,855.00
	<u>\$ 90,000.00</u>	<u>\$ 10,140.00</u>	<u>\$ 100,140.00</u>

CITY OF ROGERS CITY
Preque Isle County, Michigan

MARINA FUND
 SCHEDULE OF INDEBTEDNESS
June 30, 2008

TYPE OF ISSUE: 2000 General Obligation Bonds
 PURPOSE OF ISSUE: Harbor Expansion
 INTEREST RATE: 5.05 - 5.45%
 ORIGINAL ISSUE: 465,000

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
11/1/2008	30,000.00	9,023.75	39,023.75
5/1/2009	0.00	8,258.75	8,258.75
11/1/2009	35,000.00	8,258.75	43,258.75
5/1/2010	0.00	7,357.50	7,357.50
11/1/2010	35,000.00	7,357.50	42,357.50
5/1/2011	0.00	6,403.75	6,403.75
11/1/2011	40,000.00	6,403.75	46,403.75
5/1/2012	0.00	5,313.75	5,313.75
11/1/2012	45,000.00	5,313.75	50,313.75
5/1/2013	0.00	4,087.50	4,087.50
11/1/2013	50,000.00	4,087.50	54,087.50
5/1/2014	0.00	2,725.00	2,725.00
11/1/2014	50,000.00	2,725.00	52,725.00
5/1/2015	0.00	1,362.50	1,362.50
11/1/2015	50,000.00	1,362.50	51,362.50
	\$ <u>335,000.00</u>	\$ <u>80,041.25</u>	\$ <u>415,041.25</u>

CITY OF ROGERS CITY
Preque Isle County, Michigan

GENERAL INDEBTNESS
COMMUNITY DEVELOPMENT GRANT/LOAN
SCHEDULE OF INDEBTEDNESS

June 30, 2008

INTEREST RATE: 0.00%
ORIGINAL ISSUE: 200,000

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
3/1/2009	9,090.91	0.00	9,090.91
6/1/2009	9,090.91	0.00	9,090.91
9/1/2009	9,090.91	0.00	9,090.91
12/1/2009	9,090.91	0.00	9,090.91
3/1/2010	9,090.91	0.00	9,090.91
6/1/2010	9,090.91	0.00	9,090.91
9/1/2010	9,090.91	0.00	9,090.91
12/1/2010	9,090.91	0.00	9,090.91
3/1/2011	9,090.91	0.00	9,090.91
6/1/2011	9,090.91	0.00	9,090.91
9/1/2011	9,090.91	0.00	9,090.91
12/1/2011	9,090.91	0.00	9,090.91
3/1/2012	9,090.91	0.00	9,090.91
6/1/2012	9,090.91	0.00	9,090.91
9/1/2012	9,090.91	0.00	9,090.91
12/1/2012	9,090.91	0.00	9,090.91
3/1/2013	9,090.91	0.00	9,090.91
6/1/2013	9,090.91	0.00	9,090.91
9/1/2013	9,090.91	0.00	9,090.91
12/1/2013	9,090.91	0.00	9,090.91
3/1/2014	9,090.90	0.00	9,090.90
6/1/2014	9,090.90	0.00	9,090.90
	\$ <u>200,000.00</u>	\$ <u>0.00</u>	\$ <u>200,000.00</u>

Payment extension granted until 12-31-08